

**§ 19.613 Average effective tax rate records.**

(a) *Daily record.* For each distilled spirits product to be tax determined using an average effective tax rate in accordance with § 19.249, the proprietor must prepare a daily summary record showing:

(1) The serial number of the batch record of each batch of the product that will be bottled or packaged, in whole or in part, for domestic consumption;

(2) The proof gallons in each such batch derived from distilled spirits, eligible wine, and eligible flavors; and

(3) The tax liability of each such batch determined as follows—

(i) Proof gallons of all distilled spirits (exclusive of distilled spirits derived from eligible flavors), multiplied by the tax rate prescribed in 26 U.S.C. 5001;

(ii) Wine gallons of each eligible wine, multiplied by the tax rate which would be imposed on the wine under 26 U.S.C. 5041(b)(1), (2), or (3) but for its removal to bonded premises; and

(iii) Proof gallons of all distilled spirits derived from eligible flavors, to the extent that those distilled spirits exceed 2.5 percent of the proof gallons in the product, multiplied by the tax rate prescribed in 26 U.S.C. 5001.

(b) *Monthly records.* At the end of each month during which the product is manufactured, the proprietor must:

(1) Determine the total proof gallons and total tax liability for each summary record prescribed by paragraph (a) of this section;

(2) Add the sums derived under paragraph (b)(1) of this section to the like sums determined for each of the preceding 5 months; and

(3) Divide the total tax liabilities by the total proof gallons.

(26 U.S.C. 5207)

**§ 19.614 Inventory reserve records.**

(a) *General.* For each eligible distilled spirits product to be tax determined in accordance with § 19.250, the proprietor must establish an inventory reserve account, in accordance with this section.

(b) *Deposit records.* For each batch of the bottled or packaged product, the proprietor must enter into the inven-

tory reserve account a deposit record, which may be combined with the bottling and packaging record required by § 19.599, showing:

(1) The name of the product;

(2) The bottling and packaging record serial number;

(3) The date the bottling or packaging was completed;

(4) The total proof gallons bottled and packaged; and

(5) The effective tax rate of the product computed in accordance with § 19.246.

(c) *Depletions.* The inventory reserve account for each product must be depleted in the same order in which the deposit records were entered into the account. The proprietor must record a depletion for each disposition (for example, a taxable removal, an exportation, or an inventory shortage or breakage) by entering on the deposit record:

(1) The transaction date;

(2) The transaction record serial number;

(3) The proof gallons disposed of; and

(4) The proof gallons remaining. If any depletion exceeds the quantity of product remaining on the deposit record, the proprietor must deplete the remaining quantity, close the deposit record, and then deplete the remainder of the transaction from the next deposit record.

(26 U.S.C. 5207)

**§ 19.615 Standard effective tax rate records.**

For each product to be tax determined using a standard effective tax rate in accordance with § 19.248, a proprietor must prepare a record of the standard effective tax rate computation showing, for one proof gallon of the finished product, the following information:

(a) The name of the product;

(b) The least quantity of each eligible flavor that will be used in the product, in proof gallons, or 0.025 proof gallon, whichever is less;

(c) The least quantity of each eligible wine that will be used in the product, in proof gallons;

(d) The greatest effective tax rate applicable to the product, calculated in accordance with § 19.246 with the values

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indicated in paragraphs (a) and (b) of this section; and

(e) The date on which the use of the standard effective tax rate commenced.

(26 U.S.C. 5207)

### OTHER REQUIRED RECORDS

#### § 19.616 Records of samples.

(a) *Required records.* A proprietor must maintain records of all samples taken under §§ 19.434 and 19.435. The sample record must show the:

- (1) The date that the samples were taken;
- (2) The account from which taken;
- (3) The purpose for which taken;
- (4) The size and number of samples taken;
- (5) The kind of spirits;
- (6) The disposition of each sample (for example, destroyed, returned to containers or the distilling system, retained for library purposes); and
- (7) The name and address of the recipient of the sample if a sample is to be analyzed or tested elsewhere than at the distilled spirits plant where taken.

(b) *Sample schedule.* When a proprietor takes samples pursuant to an established schedule, the proprietor may maintain the schedule as the required record if it contains the information required by paragraphs (a)(2) through (a)(7).

(26 U.S.C. 5207)

#### § 19.617 Destruction records.

Each time that a proprietor voluntarily destroys spirits, denatured spirits, articles, or wines, the proprietor must prepare a record of the destruction that sets forth:

- (a) The identification of the spirits, denatured spirits, articles, or wines, including kind, quantity, elements of gauge, name and permit number of the producer, warehouseman or processor, and identity and type of container;
- (b) The date, time, place and manner of the destruction;
- (c) A statement that the spirits had, or had not, previously been withdrawn and returned to bond; and
- (d) The name and title of any representative of the proprietor who ac-

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complished or supervised the destruction.

(26 U.S.C. 5207)

#### § 19.618 Gauge record.

When a gauge record is required by this part, the proprietor must prepare the gauge record in a manner that shows:

- (a) The serial number of the gauge record, which must either:
  - (1) Commence with “1” at the start of each calendar or fiscal year, or
  - (2) Be a unique identifying number that is not repeated.
- (b) From the following, the applicable circumstances requiring the gauge—
  - (1) Production gauge and entry for deposit in the storage or processing account at the distilled spirits plant where the spirits were produced;
  - (2) Packaging of spirits or wine filled from a tank in the storage account at the same distilled spirits plant;
  - (3) Transfer from the processing or storage account to the production account for redistillation;
  - (4) Repackaging of spirits of 190° or more of proof; or
  - (5) Gauge on return to bond in production or processing operations of spirits, denatured spirits, recovered spirits, recovered denatured spirits, articles, recovered articles, or spirits residues;
- (c) The date of the gauge;
- (d) Any related form or record (identification, serial number and date);
- (e) The kind of spirits or formula number for denatured spirits;
- (f) The proof of distillation (not required for denatured spirits, spirits for redistillation, or spirits of 190° or more of proof);
- (g) When containers are to be filled, the type and number of containers;
- (h) The age of the spirits;
- (i) The name and distilled spirits plant number of the producer or warehouseman; and
- (j) The following gauge data—
  - (1) Package identification, tank number, volumetric or weight gauge details, proof, and wine gallons;
  - (2) Cooperage identification (“C” for charred, “REC” for recharred, “P” for plain, “PAR” for paraffined, “G” for glued, or “R” for reused, and “PS” if a